



010

Prime Minister

cucl

LOCAL AUTHORITY CAPITAL EXPENDITURE 1986/87

I have seen Kenneth Baker's minute of 4^{with DN?} September and the note by officials attached to it. I strongly agree with his views. ^{TPM.}

The overwhelming defect of the Policy Unit's proposal, from my point of view, is the drastic cut required in the total for capital allocations. Transport authorities rely very heavily on these allocations. Not only do transport receipts account for a much lower proportion of gross spending than in any of the other service blocks (less than 10% compared to over 50% for housing in 1984/85) but authorities with transport responsibilities have much less access to receipts from other services than do other authorities. Moreover, transport expenditure is needed primarily to support the business community and has remained consistently within our spending plans. I will therefore be pressing not only for an increase in provision for local transport capital, but also for an allocation total which reflects that provision. For transport, in particular, it would be quite inconsistent not to increase allocations in line with provision.

I am copying this to the other members of E(A), to Norman Fowler, Keith Joseph, John Wakeham, and to Sir Robert Armstrong.

NR

10 September 1985

LOCAL GOVT : Relations : PC 28

